



September 8, 2020

Attention: Sergio Cavazos, Committee Clerk
Representative Eddie Lucio III, Chair
Insurance Committee
Texas House of Representatives

Email to: Sergio.Cavazos_HC@house.texas.gov

RE: AHIP Comments on House Insurance Committee Request for Information (COVID-19)

Dear Chairman Lucio and Committee Members,

America's Health Insurance Plans (AHIP) appreciates the opportunity to share our perspective in response to the House Insurance Committee's Request for Information (RFI, August 11, 2020). Specifically, we would like to provide information regarding the COVID-19 pandemic, as requested.

COVID-19 Question #1: How prevalent is price gouging related to COVID-19 testing? What are state agencies doing to monitor price gouging associated with COVID-19 testing?

The COVID-19 pandemic is an unprecedented public health crisis that has strained health systems around the world, causing extraordinary patient suffering and economic upheaval. From the beginning, health insurance providers have taken decisive action to ensure Americans get the care they need where and when they need it, including working with providers to assure that cost is not a barrier for diagnosing or treating COVID-19, and expanding telehealth access to ensure that patients continue to receive treatment while protecting them and health care workers from infection.

Health insurance providers proactively eliminated patient cost-sharing for COVID-19 diagnostic testing and treatment. Following these actions, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act requires health insurance providers offering comprehensive health insurance coverage (e.g., individual market, employer-sponsored coverage, Medicare, Medicaid) to provide access to medically necessary COVID-19 testing without cost-sharing.

The CARES Act also requires health insurance providers to pay the listed cash price for COVID-19 tests in the absence of a contract, thus eliminating their ability to negotiate more affordable

test prices. New data shows that as a result, price gouging in COVID-19 testing is a significant problem. In July 2020, AHIP conducted a [survey](#) of health insurance providers in the commercial market to gather information on prices charged by out-of-network providers for diagnostic and antibody tests for COVID-19. The survey found that almost a tenth (9.4%) of all claims for COVID-19 tests were from out-of-network test providers. And many out-of-network test providers charged prices for COVID-19 tests that far exceeded the average cost of in-network tests.

On average, a COVID-19 test in the commercial market costs \$130. In contrast, out-of-network test providers charged significantly higher (more than \$185) prices for nearly 40% of diagnostic tests and 25% of antibody tests. One in ten out-of-network test claims charged more than \$390 (three times the average cost).

COVID-19 Question #2: What steps are being taken to prevent surprise medical billing associated with COVID-19 treatment? What steps can consumers take to avoid these surprise medical bills?

Given the severity of this extraordinary public health emergency, it is more important than ever to protect patients from surprise medical bills. The estimated cost of COVID-19 in-patient treatment for an individual patient is more than \$20,000, according to Kaiser Family Foundation [research](#). COVID-19 will leave many patients and their families exposed to severe financial burdens. National health policy experts recently [noted](#) that before the outbreak, [two-thirds of Americans](#) worried about being able to afford an unexpected medical bill, and that millions face potential surprise bills from out-of-network providers [during an emergency, surgery, and in-network hospital stays](#).¹

To ensure millions of patients have access to the care they need, health insurance providers across the country have taken [immediate steps](#) to provide access to preventive services, testing, and treatment that are critical to stopping the spread of COVID-19. Insurance providers are not just covering these services, but also waiving out of pocket costs for patients. Employers are also shouldering unexpected new costs to keep their employees safe and combat the disease.

Out-of-network providers should not balance bill or send patients a surprise medical bill. No time is the right time to price gouging, much less during a public health crisis. However, many out-of-network providers, particularly those that are employed by [private equity firms](#), have built a successful business model based on charging [excessive prices](#) that far exceed market rates.²

Unfortunately, during this crisis, “a patient can do everything right and still face [substantial surprise bills](#).”³ [Many agree that](#), “as the crisis thus increases – probably by a significant amount – [so does] the likelihood that consumers will receive balance bills. That fear may lead some to avoid being tested or getting treatment, which in turn would put them and others at greater risk of delaying lifesaving treatment and spreading the coronavirus.”⁴

¹ Health Affairs Blog, *Keeping Surprise Billing Out of Coronavirus Treatment* (April 2, 2020)

² Health Affairs, *Out-of-Network Billing and Negotiated Payments for Hospital-Based Physicians* (January 2020)

³ New York Times Op-Ed, *This is One Anxiety We Should Eliminate for Coronavirus Outbreak* (March 15, 2020)

⁴ Health Affairs Blog, *Keeping Surprise Billing Out of Coronavirus Treatment* (April 2, 2020)

The Texas Legislature has taken a series of steps to prevent surprise medical billing, passing legislation to restrict balance billing (e.g., [SB 1264](#), 2019) and to require free-standing emergency rooms be transparent about their prices and network status ([HB 2041](#), 2019). At the federal level, AHIP continues to engage with Congress and stakeholders to work towards solutions. This includes reinforcing federal [guidance](#) that prohibits surprise billing by providers and/or hospitals that have received federal funding for COVID-19 support, and implementing an immediate and outright ban on surprise medical bills from out-of-network providers and hospitals for COVID-19-related treatment.

By covering testing and treatment, health insurance providers are doing their part to protect patients from surprise medical bills. AHIP encourages providers everywhere to commit to not sending surprise medical bills to patients during this national health crisis.

COVID-19 Question #4: What is the anticipated impact of the COVID-19 pandemic on health insurance premiums and the health insurance market moving forward?

Health insurance providers continue to take decisive action to help patients and curb the spread of COVID-19. However, it is too soon to know the real health care costs of COVID-19. Patient trends continue to vary greatly, based on geography, COVID-19 severity, the comfort of patients in going back to their doctors, and many other factors.

It is important to note that health insurance differs greatly from other lines of insurance particularly when the nation is facing a health care crisis. For example, car accidents avoided today will not happen tomorrow. Deferred medical care, however, will need to be delivered. While elective and non-urgent care was initially delayed due to COVID-19, that care will need to be delivered and paid for later. And could possibly be more complex and costly because it was delayed. Health insurance providers must be there to cover all costs, both from COVID-19 and when Americans surge back to receive the medical care we have always covered, from elective surgeries to managing chronic conditions like diabetes.

Without comprehensive data, health insurance providers are working through uncertainties to estimate 2021 health care costs. Health insurers are required to base rates on projected costs and cannot include past losses as a rationale for 2021 rate increases. There are a number of [factors](#) that create uncertainty for future premiums and the market including who is enrolled, health of enrollees, and health care costs. One [study](#) conducted by the Wakley Consulting Group estimates that the costs to the health care system from COVID-19 could range from \$56 billion to \$556 billion over the next two years.

Additional research on the pandemic's impact include the following:

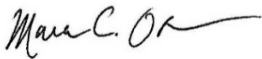
- Covered California [released](#) projects that costs in the commercial health insurance market could run from \$34 billion to \$251 billion for COVID-19 testing, treatment, and care.
- S&P Global [estimates](#) Americans enrolled in health insurance plans could pay \$3.5 to \$16 billion under a moderate or severe outbreak.

- Kaiser Family Foundation [estimates](#) 27 million Americans could potentially lose employer-sponsored health insurance and become uninsured following job loss due to the COVID-19 crisis.

Health insurance providers are taking steps to [reduce health care premiums](#) during the COVID-19 crisis. AHIP continues to announce actions taken by its members to help as many people as possible stay covered by offering grace periods and premium discounts. Some insurers first announced grace periods or premium reductions for their large group plans. Following recent guidance (August 4, 2020) from the Centers for Medicare & Medicaid Services (CMS), plans now also have the opportunity to expand premium discounts for individual and small group plans.

We appreciate the Committee's commitment in focusing on such an important topic and propose that any legislative solutions considered by the Committee to address the impact of COVID-19 be timely, temporary and targeted. Please reach out with any questions or concerns related to our comments.

Sincerely,



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cc: House Insurance Committee Members
Billy Phenix

AHIP DESCRIPTION: *AHIP is the national association whose members provide insurance coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access and well-being for consumers.*